

July 7, 2009
State Water Resources Control Board Meeting
Informational Item (#11)

**Update on Efforts to Promote Strategies
to Assist Small and/or Disadvantaged
Communities (SDAC) with
Wastewater Needs**

Presented By:
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PRESENTATION OUTLINE

- Definitions
- Background
- Update on Fiscal Year 2008/2009 Actions
- Proposed Future Actions

DEFINITIONS

- Small Community
 - Population less than 20,000 persons
- Disadvantaged Community
 - Median household income (MHI) less than 80 percent of the Statewide MHI
- Severely Disadvantaged Community
 - MHI less than 60 percent of the Statewide MHI

BACKGROUND

- State Water Board adopted Resolution No. 2008-0048, which promotes strategies to assist SDAC with wastewater needs
- *Small Community Wastewater Strategy* (Strategy) developed in 2008, which provides an overview of problems faced by SDAC and potential solutions
- First annual progress report pursuant to Resolution No. 2008-0048

BACKGROUND

- SDAC problems include:
 - Failing septic systems
 - Old and/or undersized wastewater treatment plants (WWTPs)
 - Lack economies of scale
 - Insufficient capital to adequately maintain WWTP or fix compliance problems
 - Unable to pay fines associated with non-compliance

BACKGROUND

- Many SDAC lack monetary resources and in-house expertise necessary to:
 - Apply for grants/loans
 - Evaluate project alternatives
 - Adequately plan
 - Retain qualified operators

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Continue to work with other State and Federal agencies that work with SDACs to identify opportunities to leverage resources
 - California Financing Coordinating Committee (CFCC) Funding Fairs
 - American Recovery and Reinvestment Act of 2009 (ARRA) implementation

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Refined procedures to process and disburse SDAC grant/loan payments within 30 days, to minimize SDAC cash flow problems

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Clean Water State Revolving Fund (CWSRF) Program Improvements (via Policy Amendments) :
 - Planning financing
 - Refinancing existing CWSRF-eligible debts
 - Extended Term Financing (ETF)
 - Financing at a reduced interest rate
 - Additional subsidy, as available

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Approximately \$91 million in principal forgiveness directed to disadvantaged community wastewater projects
 - Approximately 32% of CWSRF Program ARRA allocation
 - Resolutions No. 2009-0027 & No. 2009-0051

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Identify alternative funding sources to assist SDAC:
 - Cleanup and Abatement Account (CAA)
 - ARRA
 - Small Community Grant Fund from CWSRF Program (upcoming)

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Developed statewide SDAC wastewater project list based on input from:
 - Regional Water Boards; and
 - Environmental justice/small community assistance organizations

UPDATE ON ACTIONS: FISCAL YEAR 2008/2009

- Preparing to execute one or more contracts with existing non-profits to support SDAC with wastewater training/technical assistance. Topics include:
 - SDAC Board member roles and responsibilities;
 - Community education
 - Fiscal management and capital improvement planning
 - Rate setting (Proposition 218);
 - Wastewater laws and regulations;
 - Review of design and operational solutions

FUTURE ACTIONS FY 2009/10 AND BEYOND

- Financial Assistance:
 - CWSRF Program SDAC Enhancements
 - SDAC Assistance Contracts
 - Small Community Wastewater Grant (SCWG) Program
- Regulatory & Technical:
 - Retaining Qualified Operators
 - Financial/Asset Management
 - Compliance Assistance & Regulatory Oversight
 - Improved Permitting of Small WWTPs

PROPOSED FUTURE ACTIONS- FINANCIAL ASSISTANCE

- Continue administration of ARRA principal forgiveness (CWSRF Program)
- Utilize all available means of assistance, including planning financing and ETF
- Begin accumulating funds in CWSRF Small Community Grant Fund
 - created by Assembly Bill (AB) 2356 (Statutes 2008, Chapter 609, Arambula)
 - authority to deposit up to \$50 million by 2014

PROPOSED FUTURE ACTIONS- FINANCIAL ASSISTANCE

- Develop process(es) to encourage larger entities to support SDACs
- Execute and implement aforementioned SDAC assistance contracts with focus on:
 - getting potential applicants ready-to-proceed with necessary wastewater upgrades and compliance projects, and
 - making systems sustainable for long term

PROPOSED FUTURE ACTIONS- FINANCIAL ASSISTANCE

- Updating SCWG Program's Competitive Project List (CPL)
 - staff will send request for additional information about needs/project status to all identified SDACs

PROPOSED FUTURE ACTIONS- FINANCIAL ASSISTANCE

- Update *SCWG Program Guidelines* (Guidelines); Key items to include:
 - update funding process to mirror CWSRF Program, as possible
 - require evaluation of regional wastewater alternatives, including a cost-effectiveness evaluation
 - set maximum grant amount per household, which cannot be exceeded without sufficient justification
 - consider affordability in determining maximum grant amount
 - require local agency board members to participate in roles and responsibilities training

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Retaining Qualified Operators

- Establish an additional grade of WWTP Operator Certification
 - Provisional operator certification to operate a specific WWTP
 - Would require update to Operator Certification Regulations

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Retaining Qualified Operators

- Re-establish State Water Board training program for WWTP operators
 - Focus on areas of noted deficiencies for new operators, as well as continuing education for existing operators
 - Could be implemented in partnership with a university, non-profit, and larger WWTPs with laboratories and equipment to provide hands-on training

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Retaining Qualified Operators

- Establish fund for SDAC operator training and compliance assistance
 - would require legislative action
 - funds may come from penalty fees and Supplemental Environmental Projects

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Retaining Qualified Operators

- WWTP Operator Certification exams focus primarily on technical aspects
- Exams should be updated to focus more on maintenance management, permit, and monitoring and reporting requirements

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Financial/Asset Management for Long-term Sustainability

- Require communities to budget for long-term maintenance, repair, and replacement costs
 - Set requirement that dischargers budget specific portion of wastewater rates for long-term needs, and deposit those funds into a dedicated fund, or
 - Establish program to pool funds statewide: discharger could be required to deposit funds annually or on a lump sum basis

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Financial/Asset Management for Long-term Sustainability

- To reduce long-term operating costs, require energy efficient systems and renewable power sources (solar, wind, or hybrid systems), when technologically feasible and cost-effective
 - can reduce long-term operating costs
 - could require for grant/loan funded WWTPs

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Compliance Assistance and Regulatory Oversight

- Develop standard contract agreement with qualified operators across State
 - to assist small community operators
 - particularly for emergency response or assistance with situation beyond their control/capabilities

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Compliance Assistance and Regulatory Oversight

- Mandate periodic revenue program reviews by discharger and Water Boards
- Require O&M inspections every two years for WWTPs with chronic or serious violations

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Compliance Assistance and Regulatory Oversight

- Ensure consistent and effective enforcement particularly for operators/dischargers benefiting from training, funding assistance, new certificate options, etc.
- Provide for Executive Management review of Operator Certification disciplinary appeals, to promote more consistent enforcement against negligent and incompetent operators

PROPOSED FUTURE ACTIONS- REGULATORY & TECHNICAL

Improved Permitting of Small WWTPs

- Explore ways to improve permitting process for similar small WWTPs
 - For example issuing general permits for different classes of small WWTPs discharging to land
 - Existing permits for WWTPs discharging to land are often outdated and difficult to enforce
 - Many of these WWTPs have similar treatment processes and similar impacts to water quality

INPUT FROM ENVIRONMENTAL JUSTICE/SMALL COMMUNITY ASSISTANCE GROUPS

- Meeting (June 11, 2009):
 - to provide an overview of work to date, and discuss future plans
 - solicit feedback on effectiveness to date, and other strategies to consider
- Comment Letter (June 30, 2009):
 - Clean Water Action: providing thanks and suggestions (planning funds & focus on severely disadvantaged communities)

SMALL COMMUNITY WASTEWATER STRATEGY WEBPAGE

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/small_community_wastewater_grant/strategy.shtml

Presentation will be posted to webpage